

3. Funding and Financial Plan

The financial plan for the program "Protecting the Health of the Most Vulnerable Women and Children" is set forth in Table 1, Strategic Objective Agreement Budget Summary. From the date of the Strategic Objective Agreement onwards, obligations will be made in accordance with this Budget. Future USAID obligations under the Agreement are subject to the availability of funds and mutual agreement of the Parties to proceed.

The total USAID contribution obligated under this Agreement, over the Life of the Program (LOP), is estimated to be U.S. \$70 million, subject to the availability of funds.

An additional U.S. \$16 million in funding may also be made available from other USAID resources obligated outside of this Agreement.

Section 3.1 Funds Provided to the Government of Indonesia

It is expected that over the Life of the Program, up to Twenty-one Million Dollars (\$21,000,000) of USAID funding will be provided to the Government of Indonesia ("Grantee") through Implementation Letters or through USAID implementing partners. This funding may be used to finance the following program operations and activities:

- Salaries for Program Managers (as long as they are not also drawing a Government of Indonesia salary);
- Short-term technical consultancies;
- Training for health providers;
- Supervision of training and service delivery activities;
- Design of training materials;
- Design of service delivery standards and protocols;
- Design of Information, Education and Communication materials;
- Operational Research;
- Report preparation;
- Travel, transportation and per diem for program activities;
- Printing and dissemination of materials and reports;
- Procurement of medical equipment and supplies;
- Project supervision and monitoring activities, including site visits, coordination meetings; workshops, etc.
- Capacity building activities for policy reform efforts.

These activities will be specified in workplans and budgets developed by program Management Units described in Section 5.1, subject to USAID approval, and will be funded by USAID through Implementation Letters or through USAID implementing partners.

Section 3.2 Funds Managed by USAID/Indonesia

Up to seventy Million (\$70,000,000) USAID funding will be provided to contractors and non-governmental organizations (both U.S. and Indonesian) for the following:

- Technical assistance (both short-term and long-term) and program support provided to the Government of Indonesia and to local non-governmental organizations by U.S. grant recipients and contractors to implement and manage the program;
- Training for physicians and midwives to strengthen in-service medical clinical training capabilities and skills at the central, provincial, district, and subdistrict levels; and support for short-term technical training in the U.S.;
- Training to provincial and district health officials and non-governmental organizations to strengthen disease monitoring and nutritional surveillance capabilities, as well as data analysis and reporting capabilities;
- Institutional Strengthening and Capacity building activities for government of Indonesia policy-makers and NGOs;
- Survey research and special data gathering efforts as part of the crisis surveillance effort to supplement the GOI's on-going data collection efforts;
- Procurement of medical supplies and commodities including contraceptives, donor blood testing kits, midwifery kits, etc. as specified in workplans;
- Technical assessments, performance monitoring and program evaluations;
- Financial Audits.

Funding will be provided directly by USAID in the form of Grants and Cooperative Agreements to International Private Voluntary Organizations (PVOs), Indonesian Non-Governmental Organizations (NGOs), and USAID cooperating agencies which are working as partners to implement program activities and achieve the program objectives.

It is estimated that approximately 10% (\$7.0 million) of USAID-managed funds will be used for funding Indonesian non-government organizations.

Section 3.3. Government of Indonesia Contribution

Due to the current economic crisis, a 25% host country contribution will not be required by the Government of Indonesia under this Agreement. The Government of Indonesia agrees, however,

to supply in-kind contributions for services which are judged vital to the continuation of assistance effort under this Agreement. Such in-kind contributions may include: office space, utilities, salary of official Government of Indonesia counterparts, pharmaceuticals, vitamins, medical supplies, custom clearance fees, and other program related commodities. The Grantee agrees to report on these in-kind contributions to USAID quarterly.

Section 3.4. Other USAID Program Support Obligated Outside this Agreement

In addition to the amount which shall be obligated under this Agreement as shown in the attached Table 1. Strategic Agreement Budget Summary, USAID will also contribute additional technical and program support for projects which may be obligated outside of this Strategic Objective Agreement. These USAID-funded projects are working in Indonesia to contribute to the overall Objective and Results of the Agreement, but funding may be provided by USAID/Washington or USAID/Indonesia through other financial mechanisms, as described in Section 6. Implementation Arrangements. Over the Life of the Program, it is estimated that an additional \$16 million in such program support may be provided and obligated outside of this Agreement.

4. Results to Be Achieved, Activities and Indicators to Measure Accomplishments

The Strategic Objective

The Objective of this Agreement is to **Protect the Health of the Most Vulnerable Women and Children**. In order to meet this objective, the Parties to this agreement agree to support activities which will achieve the following Intermediate Results (IRS):

- IR1: Essential Health Services are Preserved;
- IR2: Crisis Monitoring and Surveillance are Improved to Enhance Appropriate Responses; and
- IR3: Appropriate Behavior and Services are Promoted to Mitigate Impact of Crisis.

The sections which follow discuss the results that are expected to be achieved through implementation of this program; describe illustrative activities required to attain these results; and specify indicators which will be used to monitor the program achievement and measure results. Some activities may contribute to the achievement of more than one Intermediate Result.

Section 4.1. Factors Influencing the Selection of Interventions

This program recognizes the need to respond quickly to the immediate crisis while laying the foundation and groundwork for recovery. Activities and interventions have been selected based on the following principles and factors:

- Target the most vulnerable segments of the population (pregnant and lactating women and children under five);
- Maintain access of the poor to facilities and services in large urban areas on Java, with other selected geographic areas receiving support based on justification supported by available data;
- Support cost-effective preventive (as opposed to curative) health service paradigm;
- Preserve progress already made;
- Build on existing GOI policies and Indonesian health infrastructure;
- Build on the GOI's program to strengthen financing mechanisms which will enable low-income segments of the population to pay for health and family planning services;
- Recognize the need to scale up innovative programs in pilot districts.

Section 4.2. Essential Health Services Preserved

There is evidence that the financial crisis has led to a decline in the availability and use of essential health services. The essential health services which will be supported by this program include:

- prevention of micronutrient deficiencies among pregnant women through micronutrient supplementation;
- prevention of nutrition and micronutrient deficiencies among children under age two through infant feeding and micronutrient supplementation;
- promotion of an essential package of safe motherhood services for healthy pregnancy and delivery;
- prevention of neonatal mortality;
- prevention of infectious diseases among children under age five through use of WHO treatment protocols and other interventions;
- improving availability and quality of family planning services; and
- control and prevention of HIV/AIDS and sexually transmitted infections (STIs) in high-risk populations.

Critical inputs for service delivery are increasingly in short supply, which will soon reduce the availability of services even further. As demand and ability to access services declines, private sector providers will close their doors and the demand on the public sector will increase, adding to the burden on the public sector. Without support for key primary health care interventions, the service system in Indonesia will deteriorate.

As the service system deteriorates, Indonesians' health will suffer. Fewer women will use trained providers for prenatal care and delivery of their babies resulting in increased complications and risk of mortality. A decline in the use of contraceptives will lead to increased, unplanned and unwanted pregnancies, higher birthrates and increased reliance on abortion. Declining use of basic child health services will lead to increased child morbidity and

mortality. Nutritional status has declined, resulting in severe vitamin A deficiencies and anemia, as the quantity and quality of food available to poor families has decreased significantly. STI infections are reportedly rising with increased prostitution and reduced condom use, and shortages of diagnostics impedes the ability of the health system to diagnose and treat STIs.

Results: USAID and its partners will ensure that key primary health care services continue to be available throughout the crisis, and that the progress of the last 25 years will be protected. These results include attention to the nutritional status of key populations, ensuring that public health service outlets continue to function, service quality is maintained, private providers remain operational, products and services are available, and demand for family planning and other primary health care interventions remains high.

Essential Services Component One: Family Planning

Indonesia's family planning program has achieved great success during the past two decades. Recent reports, however, show that since January 1998 there has been a 5-10% decline in family planning utilization in some provinces. In addition, as use of family planning declines, we can expect to see a decrease in maternal and child health status. Because there are already high levels of family planning knowledge, acceptability and use, for the next several years the program must strive for innovative approaches to assure that services are affordable for low income populations and free for extremely poor segments of the population. Another issue which requires immediate attention is the quality of family planning service delivery. Finally, it is critical to convey the importance of family planning continuation, source of less expensive supplies and services, and the use of more cost-effective methods.

In collaboration primarily with BKKBN, other donors, USAID cooperating agencies, international and local NGOs/PVOs, the Parties will support the following illustrative activities to address ways to ensure that family planning services remain accessible, available and of high quality:

- Support for operational activities so that essential family planning training, monitoring and supervision functions may continue to be provided through the public sector system.
- Support for low income urban areas in an effort to reach high-risk women who are often marginalized from the service delivery system.
- Support for the continued expansion of the National Clinical Training Network (NCTN) in order to ensure that clinical training for cost-effective methods, such as the IUD and voluntary sterilization, is fully institutionalized at the provincial and district level.

- Support for contraceptive logistics management, and contraceptive commodity and medical supply donations as urgent needs are identified.
- Support to Indonesian NGOs and professional organizations to strengthen availability and sustainability of family planning services.
- Support for continuous quality of care improvement of family planning services.
- Assistance to develop and operationalize family planning policies.

The indicators which will be used to measure whether family planning results are being reached include:

- Maintenance and eventual increase in family planning utilization in project provinces.
- Quality of care improved through the utilization of demand fulfillment and informed choice approaches.
- Emergency contraceptive and medical supply donations distributed and being used at service delivery points in accordance with Memorandum of Understanding.

Essential Services Component Two: Maternal and Neonatal Health (MNH)

The Parties will support activities which focus on maintaining and ultimately improving the quality and delivery of services that have proven effective in addressing the most important causes of maternal and neonatal morbidity and mortality. Working in collaboration with Ministry of Health, other donors, USAID Cooperating Agencies and contractors, and Indonesian and international NGOs, the Parties will support the following illustrative activities to improve maternal and neonatal health services:

- Support for the Essential Package of Safe Motherhood Services. This includes improving the clinical skills of midwives for antenatal care; birthing practices for safe delivery; appropriate management of complications, including timely referrals; identification of risk factors for neonatal mortality; care of normal and sick neonate infants; and postpartum care. Emphasis will be placed on care to be provided in homes, birthing huts, and health centers.
- Support for expanding the distribution of iron folate tablets in order to reduce the prevalence of Iron Deficiency Anemia (IDA) among pregnant women, primarily in low income urban areas in West, Central, and East Java.
- Strengthen demand generation and community empowerment efforts to improve birth preparedness and emergency preparedness.

- Strengthen the technical and management capacity of the Indonesian Midwives Association to support their 75,000 membership network; extend the peer review system; conduct audits for maternal and neonatal deaths; and develop best practices manuals.
- Support to improve Post-Abortion Care services, particularly in the districts which have demonstrated an increase in the number of patients seeking post-abortion services.
- Improve rational drug use and logistics systems to ensure the provision of essential supplies to midwives and health centers.
- Support for donor coordination efforts to ensure the timely procurement and distribution of essential commodities including iron folate tablets, vitamin A capsules, oxytocin, birthing kits (including neonatal emergency supplies), blood pressure cuffs, and infection prevention supplies.
- Assistance to maintain the national immunization campaign for Tetanus Toxoid as an essential part of antenatal care.
- Support for health reform efforts and health financing schemes which will improve utilization of safe motherhood and child health services at the community level.
- Support for a multiple micronutrient supplementation program to reduce maternal mortality and neonatal mortality in West Timor. This activity may be funded through USAID's new "Accelerated Economic Recovery in Asia" (AERA) regional project.

Indicators which will be used to determine whether USAID support is resulting in maternal and neonatal health improvements include:

- An increase in the proportion of pregnant women with at least two doses of Tetanus Toxoid immunization in targeted project areas.
- A decrease in the prevalence of anemia among pregnant women in low income urban areas and other selected project areas.
- An increase in the proportion of home deliveries appropriately managed by a provider trained in the Basic Delivery Care course in project areas.
- An increase in the proportion of births attended by a trained provider.

Essential Services Component Three: Child Health and Nutrition

While child and infant mortality rates have decreased dramatically in Indonesia (infant mortality declined from 145 deaths per 1,000 live births in 1965 to 53 in 1997), there is real concern that as a result of the crisis, some of these major gains may be threatened. Nutritional status of children has already declined significantly, and there is evidence of changes in patterns of health service utilization. These trends have serious implications for the essential preventive health services affecting children, including immunization, micronutrient supplementation, appropriate diagnosis of fever and illness, and others.

The Parties will support activities which focus on maintaining and ultimately improving the quality and delivery of health services for children. This effort, in combination with activities conducted under Essential Services Component Two: Maternal and Neonatal Health Services, will address the most important causes of child morbidity and mortality. Working together, the MOH, the United Nations Children's Fund (UNICEF), USAID Cooperating Agencies and contractors, and Indonesian and international NGOS, the Parties will support the following illustrative activities to improve child health services:

- Support the expansion of the national Vitamin A deficiency control program particularly among pregnant women and children under one year of age.
- Support supplementary infant feeding programs in urban slums and selected peri-urban and rural areas through POSYANDUs and other local community health programs. Part of this activity may be funded through USAID's new regional initiative, "Accelerated Economic Recovery in Asia" (AERA) regional project.
- Explore the feasibility of expanding GOI and private commercial sector efforts to fortify basic food supplies (e.g., wheat flour and rice) with micro nutrients such as vitamin A and iron.
- Improve the management of childhood illnesses (IMCI), including acute respiratory infections using the WHO approved protocols, through training of providers in health centers and other community level health facilities. This activity may be funded through USAID's new regional initiative, "Accelerated Economic Recovery in Asia" (AERA) regional project.
- Support for a new initiative which aims to improve the health and well-being of displaced street children and their families in targeted urban slum areas. Support may include technical assistance, situational analysis, NGO network building, policy analysis and model strategy development.
- Support for National Cooperative Business Association's (NCBA) managed health care program for coffee growing farmers and their families in East Timor. Support includes technical assistance and training for the health maintenance/health care (HMHC) program.

- Support to International PVOs and Indonesian NGOs to strengthen technical capacity and sustainability in managing child survival and emergency humanitarian programs.

Indicators which will be used to determine whether improvements in child health results are being achieved include:

- An increase in Vitamin A capsule coverage among children 6-11 months of age in targeted areas, including urban slums.
- A decrease in anemia in children under the age of two in targeted areas.
- A decrease in the percentage of malnourished children under the age of two in targeted areas. This will be measured by stunting (height-for-age); underweight (weight-for-age); and wasting (weight-for-height).

Essential Services Component Four: STI/HIV/AIDS Prevention

The Parties will support activities to ensure that STI/HIV/AIDS prevention services remain accessible, available and of high quality. Working primarily with MOH, other donors, USAID cooperating agencies, Indonesian and international PVOs and social marketing firms, the Parties will support the following illustrative activities to prevent the spread of STIs/HIV/AIDS including:

- Management and control of HIV and other STIs through (1) STI diagnosis and treatment training for health providers; (2) upgrading health facilities (public and private); and (3) conducting validation of STI syndromic approach system.
- Assistance to strengthen GOI commitment to HIV/AIDS prevention and to enforce implementation of operational policies through policy dialogue and coordination efforts.
- Expand access to and use of condoms to prevent HIV/AIDS/STIs for persons who practice high risk sexual behavior. Activities will focus on condom use negotiation skills, and maintaining market share by several local condom manufacturers.
- Cross-border prevention activities to create linkages between AIDS commissions from several border locations in order to initiate joint prevention campaigns; to create billboards/public information in multiple languages; to prevent child prostitution; and to develop simple interventions at port cities.
- Ensure the provision of HIV test kits for use in blood screening to prevent transfusion-associated HIV transmission and for HIV surveillance efforts.
- Support to Indonesian NGOs to strengthen technical capacity and sustainability.

- Provide assistance for the commercial marketing of local condom brands for distribution, promotion and market development.

Indicators which will be used to measure whether HIV/AIDS/STI prevention results are being reached include:

- An increase in the percent of commercial sex workers reporting use of condom in most recent act of sexual intercourse.
- An increase in the percent of people at high risk of sexually transmitted diseases correctly diagnosed and treated in target areas.

Section 4.3. Crisis monitoring and disease/nutritional surveillance improved to enhance appropriate responses

Protection of the most vulnerable groups from the worst effects of the economic downturn will require the Government of Indonesia and its partners to identify the effects of lower household income and reduced government expenditures on nutrition, disease patterns, and use of the health care system. This will allow improved targeting of resources toward the most affected areas and adjustment of program implementation to meet the actual needs of these groups in urban and rural areas. Strengthening the capacity of the GOI at all levels to monitor health and nutrition status and disease incidence will be important for the recovery period and beyond.

Results: With USAID support, the GOI and NGOs will play an active role in collection, analysis dissemination and use of data required for crisis monitoring and surveillance. Policy-makers and program managers will use these comprehensive crisis monitoring and surveillance data to mount appropriate responses. Over the long term, ad hoc assessments will take on less importance and will be supplanted by reliance on more functional, less frequent and more streamlined monitoring mechanisms.

Crisis monitoring and surveillance has several elements which include monitoring at the Ministry of Health (various levels of the system); at BKKBN; nutrition surveillance; surveillance pertaining to STIs/HIV/AIDs; and special studies/surveys. The Parties will ensure activities that will allow improved targeting of resources to meet the needs of the most vulnerable groups. The following are illustrative activities:

- Establishment and strengthening of Crisis Information Centers within the MOH at central, provincial and district levels. This activity will require establishment of data collection and reporting protocols; training at provincial and district levels; coordination meetings; and evaluation activities.
- In depth diagnostic evaluation (2 provinces) to evaluate operational aspects of the MOH crisis reporting system.

- Support to the MOH unit responsible for monitoring the implementation of Social Safety Net programs in selected provinces.
- Support to BKKBN Crisis Response Centers at the district level. Data to monitor the impact of the economic crisis on family planning utilization will be collected at the district level. Analysis of this data will identify problem areas and target resources and interventions accordingly. BKKBN will also use this system to coordinate and monitor donor assistance. It is anticipated that this may be done in conjunction with MOH training to foster collaboration and cooperation between the two Ministries.
- Support for NGOs with predominant capability to conduct special surveys to assess nutritional status of selected populations.
- Support for Antibiotic Resistance survey to obtain knowledge of resistance patterns for treatment of *N. gonorrhea*. Surveys will be conducted of antibiotic resistance among *N. gonorrhea* strains isolated from female sex workers in demonstration areas.
- Behavior Surveillance Surveys and other surveys, as needed, will continue to monitor the impact of the economic crisis on STI/HIV/AIDS transmission associated with the sex industry in order to plan and modify interventions.
- Survey of STI Care Quality will be conducted to measure the performance of clinicians at program-supported clinics, in particular, to measure impact of changes in patient volume on quality of care and how commodities are use (or not used) in the delivery of STI care.
- Support and institutionalize an STI/HIV/AIDS Surveillance system. This long-term activity requires a concerted effort by MOH and the coordination of partner organizations (NGOs, private entities, universities, health centers, national STI laboratory, etc.). Activities include the institutionalization of an STI/HIV/AIDS survey system, and upgrading the capacity of the national STI laboratory.
- Support to synthesize completed assessments related to crisis impact in the health sector.
- Support to conduct bi-monthly tracking surveys to provide longitudinal data on the effects of current crisis on the availability of essential drugs and contraceptives at service delivery points.
- Secondary analysis, comparison of results, and development of programmatic recommendations related to assessments conducted to evaluate crisis impact.

Additionally there are many studies and surveys ongoing or planned which will require consideration by both the Minister of Health's Task force and the MOH Crisis Information Center to assist in policy development and the formulation of appropriate response to the emergency.

Indicators which will be used to measure whether monitoring and surveillance results are being reached include:

- Data from surveillance and crisis monitoring systems available on timely and regular basis at central, provincial and district levels.
- Policy makers and program managers use these data to make decisions at central, provincial, and district levels.

Section 4.4. Appropriate behavior and services promoted to mitigate crisis impact

The economic and financial crisis has forced many Indonesian families to make difficult choices in how they spend limited household income. Use of essential public health services is declining, while costs for medical care are increasing. There is an urgent need to assist the GOI in promoting the use of essential preventive services such as family planning, maternal and neonatal health, child health, and HIV/AIDS prevention services. These activities are consistent with the new MOH health promotion paradigm: Healthy Indonesians 2010. Through this Agreement, USAID and its partners expect to ensure that appropriate health behaviors and services are promoted through information, education and communication (IEC) campaigns directed toward the community to mitigate the impact of the crisis.

In collaboration with MOH, BKKBN, other donors, USAID cooperating agencies, international and local NGOs, the Parties will support activities to ensure that family planning, maternal and neonatal health, child health and nutrition, and HIV/AIDS prevention messages are available in the media and in the community. Illustrative activities include:

- Campaigns to convey the importance of family planning continuation during this crisis.
- Support for IEC and counseling efforts for all family planning methods to reduce rumors and myths and to improve client and provider understanding of how specific methods work and possible side effects.
- Support for IEC efforts to designate the location of facilities which provide free or subsidized contraceptives.
- Support to improve nutrition education at the community level through information campaigns to community leaders, information campaigns in schools, training of nutrition educators, and through other community health programs.

- Support for demand generation activities and community education programs related to birth preparedness, recognition of obstetric emergencies, and decision-making for emergencies.
- Support for demand generation activities and community education programs to improve breast-feeding and weaning practices.
- Support for mass media campaigns and community education to prevent the spread of HIV/AIDS. Efforts will continue to focus on proven strategies, such as: (1) the promotion of safer sex among those who practice high-risk behavior; and (2) improved recognition of STIs and improved STI management. These strategies will be complemented by an enhanced mass media health promotion campaign focused on risk reduction and healthy lifestyles.
- Strengthening MOH institutional capacity to design, implement and evaluate IEC programs for all technical components.

Indicators which will be used to measure whether results are being reached include:

- The indicators already shown throughout Section 4 which report on increases in essential services also reflect achievement in promoting appropriate behaviors.
- Percentage of women who have knowledge of key dietary practices related to better nutrition.
- Percentage of adults (male and female) knowledgeable about maternal complications of pregnancy and childbirth.

Section 4.5. Activities Not Supported

Described below are activities that will not be supported by this program:

- Foreign assistance legislation prohibits the use of funds by USAID for: (a) the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions, (b) the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilization; (c) any biological research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a method of family planning.
- This program will not support infertility treatments. However, it does support efforts to prevent the spread of STIs, a major cause of infertility.

- This program will support safe obstetric delivery care and timely detection and case management of complications. However, although included in the WHO package of essential obstetric services, the program will not support caesarean sections, blood transfusions, or the general provision of essential drugs, nor medical intensive care approaches for neonate infants.
- This program will not support production facilities for Oral Rehydration Salts and essential drugs. The program will not support the construction of health facilities, hospitals, or laboratories.
- The program recognizes the need for treatment of opportunistic infections for individuals living with HIV/AIDS. However, given the program's primary focus on preventing HIV/AIDS, the program will not supply or distribute drugs to mitigate the impact of HIV/AIDS.
- The program will not support long-term training. The program's focus is on strengthening the National Clinical Training Network within Indonesia for both family planning and maternal health, training master trainers, developing training curricula, and supporting the MOH's in-service training efforts.
- The program will not support basic research. Program research focuses on short-to medium survey research, related to targeting resources and the impact of the crisis. Program research also focus on operations research to improve service delivery approaches.
- The program will not support curative services, acute care, or general health programs (e.g., tobacco control efforts, cancer, liver disease, heart disease, mental health, etc.).

5. Roles and Responsibilities of the Parties

Section 5.1 Grantee and USAID Responsibilities: Executive Steering Committees and Program Management Units

This program will be managed by an Executive Steering Committee plus Program Management Units which will be established for 1) family planning; 2) maternal and neonatal health; 3) child health and nutrition; 4) HIV/AIDS prevention; and 5) crisis monitoring and surveillance corresponding to the technical areas set forth in this agreement.

The Executive Steering Committee will be comprised of the following representatives:

- USAID Strategic Objective Team Leader for Population, Health, Nutrition;
- MOH: the Director General of the Directorate of Community Health; the Director General of the Directorate for CDC & EH; the Head of the MOH Bureau of Planning
- BKKBN: the Vice-chairman of BKKBN.

The Executive Steering Committee will meet semi-annually to provide overall policy guidance; to assure effective coordination between technical components; to review program achievements; and to review budget issues.

Program Management Units will function according to the same management structure model currently being used in another bilaterally-funded USAID project with MOH, entitled "HIV/AIDS Prevention Project" (HAPP). Each Program Management Unit will be composed of a Director from MOH (or BKKBN for family planning), USAID, and a representatives from primary USAID grant recipients and contractors.

For each Program Management Unit, one organization will be designated by USAID and the MOH/BKKBN to take the lead in organizing meetings, preparing integrated work plans, and function as the de facto secretariat for the Management Unit.

Program Management Units will meet quarterly (or more frequently as required) to discuss technical implementation issues, coordinate activities, and make recommendations to the various Parties concerning program implementation. The Program Management Units will review progress and serve as a forum to discuss issues. These Program Management Units will be consensus forming and advisory members under the "Protecting the Health of Most Vulnerable Women and Children" program. USAID, the MOH and/or the BKKBN will be expected to consider recommendations of the Program Management Units when approving workplans, budgets and activities.

The specific activities of the Program Management Units will be:

1. To select activities based on the following criteria:

- Response to economic crisis
- Maintaining access of the poor to health facilities and services
- Maintaining ability of the low income populations to pay for services (*e.g., participation in KB Mandiri, JPKM, etc*)
- Cost-effective preventive (not curative) services
- Targeting the most vulnerable segments of the population (pregnant and lactating women and children under five)
- Appropriate geographic focus (especially urban versus rural) based on available data
- Contribution to achieving results as specified in the Agreement.

2. To review and approve annual workplans from implementing partners for each component of the program.

3. To assure that activities are complementary, not duplicative, technically appropriate, and contribute to reaching the overall program results.

4. To identify technical assistance needs.
5. To identify training needs.
6. To identify institutional strengthening and capacity building needs.
7. To recommend activities to be included in annual workplans.
8. To identify key implementing partners, including USAID grantees and contractors, international PVOs, and local NGOs.
9. To review financial reports to ensure timely commitment and expenditure of funds in accordance with the approved workplans.
10. To propose changes to results indicators, to develop annual targets for indicators, and to monitor project implementation toward achievement of results.
11. To ensure that financial and performance reports are submitted in a timely manner to USAID and GOI.

This collaborative effort by MOH, BKKBN, USAID and primary implementing partners will facilitate smooth implementation of program activities and provide the flexibility to respond to changing conditions during the crisis and recovery period.

Section 5.2 Grantee Responsibilities

The Parties are responsible for setting national policy as well as providing services through the national public health system. The Government is currently undertaking major reforms in the health sector, including enhanced decentralization authority for provinces and districts. As such it is expected that provincial and district levels of both BKKBN and MOH will play an important role in the implementation of "Protecting the Health of the Most Vulnerable Women and Children."

It is also expected that the Government of Indonesia acknowledges the important role that international PVOs and Indonesian NGOs will play in complementing the GOI health care delivery system, and in implementing this program with funding provided by USAID.

The MOH and BKKBN will each designate official GOI counterpart representatives to serve on the Executive Steering Committee. The MOH and the BKKBN will also designate other representatives to serve as official GOI counterparts on the Program Management Units.

The salaries for GOI official personnel, office space used for implementation of the program,

utilities and medical commodities paid by the GOI are all considered in-kind GOI contributions which are deemed essential to the achievement of the Objective and Results of this Agreement. The GOI is required to report on these in-kind contributions to USAID on a quarterly basis.

The MOH and BKKBN may recruit and hire, with funds provided by this Agreement, full-time Program Managers (as long as they are not salaried GOI personnel) to provide day-to-day program management, including design, implementation, evaluation, and financial monitoring. The MOH and BKKBN agree to provide office and administrative support for such Program Managers.

The MOH and BKKBN officials serving on the Management Units will coordinate closely with the key implementing partners to develop annual requests to USAID for funding through Implementation Letters or USAID implementing partners. See Section 6.1, Funds Provided to the Government of Indonesia, for activities which may be financed through Implementation Letters.

The MOH and BKKBN will submit quarterly performance and financial reports, as required under the Agreement or by USAID implementing partners.

As required under subsection (b) of Section B.5, in Annex 2, Standard Provisions, the GOI has agreed to maintain books and records under the Agreement, including books and records concerning GOI contributions, in accordance with generally accepted accounting principles prevailing in Indonesia. Annual audits are required if the GOI directly expends the Agreement funds of \$300,000 or more per GOI fiscal year, and if the subrecipients expend the Agreement funds of \$300,000 or more for subrecipients' fiscal year.

For Host country contracts (defined as a contract awarded by the GOI under the terms of this Agreement) or any other subrecipient receiving funds directly from the GOI, the following audit plan will be used if appropriate. Cost-reimbursable host country contracts and subcontracts exceeding U.S. \$300,000 must be audited to verify the costs claimed and to finalize provisional overhead rates, if any. Audits of non-U.S.-based firms will be conducted for each contract by BPKP, provided such contracts are included in a GOI DIP (development budget), or by an independent audit agency acceptable to USAID if contracts are not included in GOI DIP. The cost of the audit by an independent audit agency shall be paid from this Agreement budget. Guidelines issued by USAID's Office of the Inspector General are to be followed in selecting auditors and in planning, conducting, and reporting on the results of the audit, in accordance with the Memorandum of Understanding signed by BPKP and USAID on January 17, 1994. Where applicable contracts other than those described above will be audited when there is reason to question contractor representations concerning source/origin, use of U.S. flag carriers or other matters, and shall be conducted in accordance with the above procedures.

With respect to all organizations receiving funds directly from USAID under the Agreement, such as direct USAID contractors or direct USAID non-governmental partners (either U.S. or Indonesian), as indicated in Section 6.2, Grants, Cooperative Agreements and Contracts Awarded

by USAID below, the USAID agreement with these entities will contain appropriate audit requirements (including audit thresholds) for these funds. Funding for such audits will be provided from Agreement funds where appropriate.

Section 5.3 USAID Responsibilities

USAID has overall responsibility for technical decisions regarding the cost-effective use of resources under this Program. The USAID Strategic Objective Team leader (the PHN Office Director), or her designate, will serve as the overall Cognizant Technical Officer for this project. However, other USAID PHN Office staff members may serve on Program Management Units and will participate in the development and review of annual workplans for all components.

USAID will approve proposals from implementing partners and inform GOI when proposals have been approved for funding under the program.

USAID will provide technical and administrative personnel required to implement the activities noted in Section 4.

USAID will monitor and supervise all financial and implementation actions of the program.

USAID will report program results to USAID/Washington.

Section 5.4. Implementing Partner Responsibilities

It is expected that USAID cooperating agencies (grantees and contractors), international Private Voluntary Organizations (PVOs), and Indonesian Non-Governmental Organizations (NGOs), will play an important role in implementing activities under this program with funding provided to them by USAID.

Key implementing partners will be selected by USAID and GOI to serve on the Program Management Units and to receive funding under the program.

Key implementing partners will develop and submit annual workplans for Program Management Unit review and approval.

Key implementing partners will prepare quarterly (or semi-annually) performance and financial reports to USAID and GOI.